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**DOWN DISTRICT  
COUNCIL**

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**ANNUAL  
ACCOUNTS  
YEAR ENDED  
31 MARCH 2007**

**DOWN DISTRICT COUNCIL**

**ANNUAL ACCOUNTS**

**2006/2007**

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**DOWN DISTRICT COUNCIL**

**ACCOUNTS FOR YEAR TO 31 MARCH 2007**

**FOREWORD**

1. *The following accounts relate to the financial year ended 31 March 2007 for Down District Council.*
2. *The accounts comprise a Foreword, Statement of the Council's and Chief Financial Officer's Responsibilities, Statement on the System of Internal Financial Control, Certificate and Opinion of the Local Government Auditor, District Fund Income and Expenditure Account, Statement of Movement on the District Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cashflow Statement and notes to financial statements.*
3. *The District Fund Income and Expenditure Account presents the Gross Expenditure, Gross Income and Net Expenditure arising from operating activities and is compliant with the Generally Accepted Accounting Principles.*
4. *The Balance Sheet presents the assets and liabilities of the Council at the 31 March 2007. The accounts are prepared on an historic cost basis where appropriate with land and buildings having been revalued by the District Valuer on 31<sup>st</sup> March 2003. An explanatory note on significant items on the Balance Sheet is attached to the accounts.*
5. *The Cash Flow Statement details the movement in cash for the year with a supporting schedule giving reconciliation between the surplus on the District Fund Income and Expenditure Account and the movement in cash.*
6. *All long-term borrowing has been secured from the Consolidated Fund and the principal outstanding at 31<sup>st</sup> March 2007 was £15,047,691. The total interest payable over their life on the various loans amounts to £9,678,808 and both principal and interest are secured on the rate income of the Council.*
7. *Finance leases have been entered into for various fixed assets from recognised leasing companies and the principal outstanding at 31<sup>st</sup> March 2007 was £781,471 with interest of £129,466 payable. Both principal and interest are secured on the rate income of the Council.*
8. *The net actual expenditure of the Council at the year-end was £14,283,559 against a budget of £14,981,548. The Council had provided for a contribution of £650,000 from reserves to support the rates although this was not required. The District Fund has increased from £2,403,347 to £2,522,557. A contribution of £650,000 has been agreed to support the rates in the year 2007/2008.*
9. *The Council is making provision for the closure costs of the landfill site but no contribution was made in the year to 31 March 2007.*
10. *The Council has created a provision for the actuarial costs of additional pension contributions made to staff that have left the service and adjustments have been made to the provision in respect of the valuation for 2006/07.*
11. *The Council acquired replacement or additional vehicles during the year valued at £510,358 either by direct purchase or by financial lease. The Council also expended £4,975,733 land and buildings including expenditure on assets under construction. The Council received £1,165,796 in capital grants towards some of this work.*
12. *The Council has engaged in an extensive capital programme including replacement of the Down Leisure Centre, refurbishment of the promenade in Newcastle, replacement and refurbishment of recreation centres, replacement administrative building and various works relating to refuse collection and disposal.*

13. A summary analysis of expenditure and income is given below.

|   | <i>Actual</i>     | <i>Budget</i>     |
|---|-------------------|-------------------|
|   | <i>£</i>          | <i>£</i>          |
| <i>Service Expenditure</i>                | <i>15,814,166</i> | <i>16,220,187</i> |
| <i>Capital Financing</i>                  | <i>2,425,617</i>  | <i>2,378,700</i>  |
| <i>Total Expenditure</i>                  | <i>18,239,783</i> | <i>18,598,887</i> |
| <br>                                      |                   |                   |
| <i>Specific Grants</i>                    | <i>559,087</i>    | <i>469,537</i>    |
| <i>European Grants</i>                    | <i>187,837</i>    | <i>215,000</i>    |
| <i>User Receipts</i>                      | <i>3,209,300</i>  | <i>2,932,803</i>  |
| <i>General Grant</i>                      | <i>2,153,277</i>  | <i>2,179,171</i>  |
| <i>Rates</i>                              | <i>12,249,492</i> | <i>12,152,376</i> |
| <i>Contribution to/from District Fund</i> | <i>-119,210</i>   | <i>650,000</i>    |
| <i>Total Income</i>                       | <i>18,239,783</i> | <i>18,598,887</i> |

14. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

15. The Council made a contribution of £160,000 towards the running costs of the St Patrick's Visitor Centre £100,000 of which was part of a prior commitment.

16. There have been no significant changes in the statutory functions of the Council.

**CERTIFICATE OF THE CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED  
31 MARCH 2007**

*I certify that: -*

- a) *The statement of Accounts for the year ended 31<sup>st</sup> March 2007 on pages 9 to 33 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 13 to 17.*
- b) *In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.*

*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

*Chief Financial Officer  
J McGrillen  
Clerk and Chief Executive*

***Council Approval of Statement of Accounts***

*These accounts were approved by resolution of the Policy and Resources Committee on 26<sup>th</sup> June 2007.*

*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

*Chairman of Policy and Resources Committee*

**STATEMENT OF THE COUNCIL'S AND CHIEF FINANCIAL OFFICER'S  
RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

***The Council's Responsibilities***

*Under Section 54 of the Local Government Act (Northern Ireland) 1972 the council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it, and those arrangements shall be carried out under the supervision of such officer of the council as the council designates as its Chief Financial Officer.*

*Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Council, or a committee, is required by resolution to approve the accounts. These accounts were approved by the Policy and Resources Committee on 27 June 2007. .*

***The Chief Financial Officer's Responsibilities***

*Under Regulations 4(1) and 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department of the Environment.*

*The accounts must present fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.*

*In preparing this Statement of Accounts, the Chief Financial Officer is required to: -*

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) as amended and augmented from time to time;*
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis; and*
- make judgements and estimates that are reasonable and prudent.*

*The Chief Financial Officer is also required to: -*

- keep proper accounting records which are up to date; and*
- take reasonable steps for the prevention and detection of fraud and other irregularities.*

## **STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL**

*This statement is given in respect of the Statement of Accounts 2006-07 for Down District Council. I acknowledge my responsibility for ensuring that an effective system of internal financial control is developed, maintained and operated by Down District Council.*

### **Internal Financial Control**

*The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.*

*The system of internal financial control is based on a framework of regular management information, financial regulations and procedures including segregation of duties, and a system of delegation and accountability, it includes:*

- *budgeting systems with an annual estimate(budget)*
- *financial and operating procedures*
- *preparation, distribution of regular financial reports and corrective action*

### **Internal Audit Arrangements**

*The Council established an in-house Internal Audit Unit in June 2002. This unit seeks to operate in a manner consistent to external standards and best practice (for example the CIPFA Code of Practice for Internal Audit in Local Government in the UK).*

*An Audit Committee was established in 2003/04 and met five times in 2006/07. The plans for Internal Audit are reviewed by the Audit Committee and endorsed by me. I receive an annual report on internal audit activity within the Council. The report includes an independent opinion on the adequacy and effectiveness of the Councils system of internal control.*

### **Improvements / Weaknesses**

*Internal Audit provided an opinion that the Council has basically a sound system of control but that there are a number of significant issues. The main concerns raised by Internal Audit were*

- *Maturity of Risk Management Processes*
- *Non-compliance with Procurement Policy*
- *Management of risk within Leisure Services*

*A number of improvements have been made in the system of internal financial control. For example the continuing development of risk management processes.*

*My review of the effectiveness of the system of internal financial control is informed by*

- *the work of managers within the Council*
- *review of Financial Reports*
- *review of Risk Registers*
- *the work of the Internal Audit Unit*
- *the work of our external auditors as reflected in their annual Audit Letters and other reports*
- *a review of the implementation of recommendations by Local Government Audit and Internal Audit.*

**Implementation of Internal Control**

*The Council intends to further develop its system of internal control prior to the completion of a full statement on internal control. The Council will develop a number of processes to support the production of the SIC for 2007-08.*

*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

*John McGrillen  
Clerk and Chief Executive*

## **LOCAL GOVERNMENT AUDITOR'S REPORT TO THE MEMBERS OF DOWN DISTRICT COUNCIL**

I have audited the Statement of Accounts of Down District Council for the year ended 31 March 2007 under the Local Government (Northern Ireland) Order 2005, which comprise the District Fund Income and Expenditure Account, the Statement of Movement on the District Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. The Statement of Accounts has been prepared under the accounting policies set out within them.

### **Respective responsibilities of Chief Financial Officer and Local Government Auditor**

The Chief Financial Officer's responsibilities for preparing the Statement of Accounts in accordance with the form directed by the Department of the Environment, including compliance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, are set out in the Statement of Responsibilities.

My responsibility is to audit the Statement of Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Statement of Accounts presents fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 and has been properly prepared in accordance with the Local Government (Northern Ireland) Order 2005.

I review whether the Statement on the System on Internal Financial Control reflects compliance with the requirements of the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006. I report if it does not comply with these requirements or if the statement is misleading or inconsistent with other information I am aware of from my audit of the Statement of Accounts. I am not required to consider, nor have I considered, whether the Statement on the System on Internal Financial Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

### Basis of Opinion

I conducted my audit in accordance with the Local Government (Northern Ireland) Order 2005, the Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also includes an assessment of the significant estimates and judgements made by the Chief Financial Officer in the preparation of the Statement of Accounts, and of whether the accounting policies are appropriate to Down District Council circumstances, consistently applied and adequately disclosed.

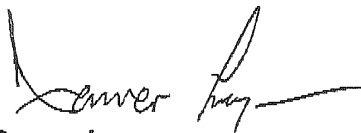
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

### Opinion

In my opinion the Statement of Accounts presents fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of Down District Council at 31 March 2007 and its income and expenditure for the year then ended, and have been properly prepared in accordance with the Local Government (Northern Ireland) Order 2005.

### Audit Certificate

I certify that I have completed the audit of the Statement of Accounts in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Code of Audit Practice issued by the Chief Local Government Auditor.



**Denver Lynn**  
Local Government Auditor  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

26 October 2007

**Down District Council**

**District Fund – Income and Expenditure Account for the year ended 31 March 2007**

|   | Notes  | 2006/2007         |              |                 | 2005/2006       |
|---|--------|-------------------|--------------|-----------------|-----------------|
|   |        | Gross Expenditure | Gross Income | Net Expenditure | Net Expenditure |
| <b>Services Expenditure</b>   |        |                   |              |                 |                 |
| <i>Leisure and Recreational Services</i>  |        | 8,292,674         | 1,392,087    | 6,900,587       | 6,205,602       |
| <i>Environmental Services</i>   |        | 7,360,657         | 1,623,524    | 5,737,133       | 5,185,158       |
| <i>DRM and Corporate Management</i>   |        | 827,170           | 12,959       | 814,211         | 783,010         |
| <i>Other Services</i>   |        | 1,220,662         | 569,641      | 651,021         | 677,398         |
|   |        |                   |              |                 |                 |
| <b>Continuing operations</b>  |        | 17,701,163        | 3,598,211    | 14,102,952      | 12,851,168      |
| <i>Acquired Operations</i>  |        |                   |              |                 |                 |
| <i>Discontinued operations</i>  |        |                   |              |                 |                 |
| <i>Exceptional items not included in cost of specific services</i>  |        |                   |              |                 |                 |
|   |        |                   |              |                 |                 |
|   |        |                   |              |                 |                 |
| <b>Net cost of services</b>   |        | 17,701,163        | 3,598,211    | 14,102,952      | 12,851,168      |
|   |        |                   |              |                 |                 |
| <i>Gain or loss on disposal of fixed assets</i>   | 17     |                   | 21,732       | (21,732)        | (154,116)       |
| <i>Surplus/(Deficit) of trading or other operations</i>   |        |                   |              |                 |                 |
| <i>Interest payable and similar charges including gains or losses on the repurchase or early resettlement of borrowings</i> |        | 900,638           |              | 900,638         | 757,744         |
| <i>Interest and investment Income</i>   | 4.7.9  | 7,202             | 69,916       | (62,714)        | (66,622)        |
| <i>Pensions interest cost and expected return on pension assets</i>   |        |                   |              |                 |                 |
| <i>Extraordinary Items</i>  |        |                   |              |                 |                 |
| <b>Net operating expenditure</b>  |        | 18,609,003        | 3,689,859    | 14,919,144      | 13,388,174      |
|   |        |                   |              |                 |                 |
| <b>Income from General Grant and District Rates</b>   |        |                   |              |                 |                 |
| <i>General Grant</i>  | 4.7.10 |                   | 2,153,277    | (2,153,277)     | (2,140,969)     |
| <i>District Rates</i>   | 4.7.11 |                   | 12,249,492   | (12,249,492)    | (11,254,730)    |
| <b>Surplus / Deficit for the year</b>   |        |                   |              | (516,375)       | 7,525           |

*The comparative figures for 2005/2006 have been restated to reflect the removal of the capital financing charge – see note 1.3.3 (xii) to the Financial Statements*

*Statement of Movement on the District Fund Balance for the year ended 31 March 2007*

|  | <b>Notes</b> | <b>2006/2007</b><br><b>£</b> | <b>2005/2006</b><br><b>£</b> |
|--|--------------|------------------------------|------------------------------|
| Surplus / (Deficit) for the year on the District Fund - Income and Expenditure Account   | 3            | (516,375)                    | 7,525                        |
| Net additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year | 3            | 635,585                      | 636,454                      |
| <b>Movement on the District Fund Balance for the year</b>  | 3/17         | <b>119,210</b>               | <b>643,979</b>               |
| District Fund Balance Brought Forward  | 3/17         | <b>2,403,347</b>             | <b>1,759,368</b>             |
| <b>District Fund Balance Carried Forward</b>   | 3/17         | <b>2,522,557</b>             | <b>2,403,347</b>             |

*Statement of Total Recognised Gains and Losses for the year ended 31 March 2007*

|  | <b>Notes</b> | <b>2006/2007</b> |                  | <b>2005/2006</b> |               |
|--|--------------|------------------|------------------|------------------|---------------|
|  |              | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>      |
| Surplus / (Deficit) on the District Fund - Income and Expenditure Account for the year               | 3            |                  | (516,375)        |                  | 7,525         |
| Surplus / (Deficit) arising on revaluation fixed assets  | 17           |                  | 48,100           |                  |               |
| Revaluation of pension reserve/provision   | 4.7.7        |                  | (46,722)         |                  | (49,311)      |
| Any other gains and losses required to be included in Statement of Total Recognised Gains and Losses |              |                  |                  |                  |               |
| Other  |              |                  |                  |                  |               |
| Interest on Investments  | 4.7.9        |                  | 211,765          |                  | 163,803       |
| Other Balances and Reserves Expenditure  | 17           | (5,108)          |                  | (83,598)         |               |
| Other Balances and Reserves Movement   | 17           | 123              | (4,985)          | 23,140           | (60,458)      |
| Adjustment to Net Book Value as result of theft  |              |                  |                  |                  | 6,866         |
| <b>Total recognised gains and losses for the year (Change in Net Worth)</b>                          |              |                  | <b>(308,217)</b> |                  | <b>68,425</b> |
| Prior period adjustments made during the year  |              |                  |                  |                  |               |
| <b>Total gains and losses recognised since last annual report (Change in Net Worth)</b>              |              |                  | <b>(308,217)</b> |                  | <b>68,425</b> |

**Down District Council**  
**Balance Sheet as at 31 March 2007**

|                              |                           |  |       | 2006/2007   | 2005/2006  |
|------------------------------|---------------------------|--|-------|-------------|------------|
|                              |                           |  | Notes | £           |            |
| <b>INTANGIBLE ASSETS</b>     |                           |  |       |             |            |
|                              |                           | Market Rights                                | 5     | 65,000      | 65,000     |
| <b>TANGIBLE FIXED ASSETS</b> |                           |  |       |             |            |
|                              | <i>Operational assets</i> |  |       |             |            |
|                              |                           | Land and Buildings                           | 5     | 30,529,895  | 23,525,960 |
|                              |                           | Vehicles, plant and equipment                | 5     | 1,315,745   | 1,292,608  |
|                              |                           | Landfill                                     | 5     | 8,257,186   | 8,718,446  |
|                              |                           | Infrastructure assets                        | 5     | 264,160     | 289,165    |
|                              |                           | Community assets                             | 5     | 18          | 18         |
|                              |                           | <i>Non-Operational assets</i>                | 5     | 292,724     | 279,250    |
|                              |                           |  |       | 40,659,728  | 34,105,447 |
|                              |                           | Assets under Construction                    | 5     | 2,185,107   | 5,696,882  |
|                              |                           | <b>TOTAL TANGIBLE FIXED ASSETS</b>           |       | 42,844,835  | 39,802,329 |
| <b>CURRENT ASSETS</b>        |                           |  |       |             |            |
|                              |                           | Stock  | 1.5   | 179,857     | 189,866    |
|                              |                           | Debtors                                      | 9     | 2,806,924   | 2,210,361  |
|                              |                           | Investments                                  | 10    | 4,889,867   | 4,725,732  |
|                              |                           | Cash at bank                                 | 16.2  | 1,728,778   | 501,692    |
|                              |                           | Imprests                                     | 16.2  | 221,854     | 211,939    |
|                              |                           |  |       | 9,827,280   | 7,839,590  |
| <b>CURRENT LIABILITIES</b>   |                           |  |       |             |            |
|                              |                           | Creditors                                    | 11    | 3,147,184   | 1,392,628  |
|                              |                           | <i>Borrowing repayable within 12 months</i>  |       |             |            |
|                              |                           | Loan Principal                               | 12    | 799,258     | 792,999    |
|                              |                           | Leasing Principal                            | 13    | 233,412     | 222,570    |
|                              |                           |  |       | 4,179,854   | 2,408,197  |
|                              |                           | <b>NET CURRENT ASSETS</b>                    |       | 5,647,426   | 5,431,393  |
|                              |                           | <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 48,557,261  | 45,298,722 |
| <b>LONG TERM LIABILITIES</b> |                           |  |       |             |            |
|                              |                           | Long-term borrowing                          | 12    | 14,248,433  | 11,601,977 |
|                              |                           | Deferred liabilities                         | 13    | 548,059     | 484,606    |
|                              |                           | Pensions reserve                             | 4.7.7 | 677,650     | 678,728    |
|                              |                           | Provisions - Landfill Closure                | 14    | 5,068,000   | 5,068,000  |
|                              |                           | Government grants-deferred                   | 15    | 2,888,960   | 2,031,036  |
|                              |                           |  |       | 23,431,102  | 19,864,347 |
|                              |                           | <b>TOTAL ASSETS LESS LIABILITIES</b>         |       | 25,126,159  | 25,434,375 |
| <b>RESERVES</b>              |                           |  |       |             |            |
|                              |                           | Fixed asset restatement account              | 17(a) | 28,535,598  | 28,488,802 |
|                              |                           | Capital financing account                    | 17(b) | -10,449,938 | -9,787,466 |
|                              |                           | Useable capital receipts reserve             | 17(c) | 305,725     | 282,689    |
|                              |                           | Pension reserves                             | 17(d) | -677,650    | -678,728   |
|                              |                           | Capital fund                                 | 17(e) | 4,639,171   | 4,436,853  |
|                              |                           | Renewal and Repairs fund                     | 17(f) | 209,822     | 244,413    |
|                              |                           | Other balances and reserves                  | 17(g) | 40,874      | 44,465     |
|                              |                           | District Fund                                | 17(h) | 2,522,557   | 2,403,347  |
|                              |                           | <b>Net Worth</b>                             |       | 25,126,159  | 25,434,375 |

| <b>CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007</b>                   |              |                    |                    |                    |                    |
|--|--------------|--------------------|--------------------|--------------------|--------------------|
|  | <i>Notes</i> | <b>20006/07</b>    |                    | <b>20005/06</b>    |                    |
|  |              | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <i>Net cash inflow/(outflow) from operating activities</i>                   | <b>16.1</b>  |                    | <b>2,826,653</b>   |                    | <b>3,297,791</b>   |
| <i>Returns on Investments and Servicing of Finance</i>                       |              |                    |                    |                    |                    |
| <i>Cash Outflows</i>   |              |                    |                    |                    |                    |
| <i>Interest paid</i>   |              | <b>(844,281)</b>   |                    | <b>(720,478)</b>   |                    |
| <i>Interest element of finance lease rental payments</i>                     |              | <b>(41,422)</b>    |                    | <b>(53,498)</b>    |                    |
| <i>Cash Inflows</i>  |              |                    |                    |                    |                    |
| <i>Interest received</i>   |              | <b>274,036</b>     |                    | <b>233,192</b>     |                    |
| <i>Net Cash Outflow from Returns on Investments and Servicing of Finance</i> |              |                    | <b>(611,667)</b>   |                    | <b>(540,784)</b>   |
| <i>Capital Activities</i>  |              |                    |                    |                    |                    |
| <i>Cash Outflows</i>   |              |                    |                    |                    |                    |
| <i>Purchase of Fixed Assets</i>  |              | <b>(3,327,544)</b> |                    | <b>(5,845,477)</b> |                    |
| <i>Purchase of Long Term Investments</i>                                     |              |                    |                    |                    |                    |
| <i>Other Capital Cash Payments</i>   |              |                    |                    |                    |                    |
| <i>Cash Inflows</i>  |              |                    |                    |                    |                    |
| <i>Sale of Fixed Assets</i>  |              | <b>32,978</b>      |                    | <b>158,692</b>     |                    |
| <i>Sale of Long Term Investments</i>   |              |                    |                    |                    |                    |
| <i>Other Capital cash receipts</i>   |              |                    |                    |                    |                    |
| <i>Capital Grants Received</i>   |              | <b>74,695</b>      |                    | <b>505,176</b>     |                    |
| <i>Net Cash Outflow from Capital Expenditure</i>                             |              |                    | <b>(3,219,871)</b> |                    | <b>(5,181,609)</b> |
| <i>Net Cash Inflow/Outflow before financing</i>                              |              |                    | <b>(1,004,886)</b> |                    | <b>(2,424,602)</b> |
| <i>Management of Liquid Resources</i>  |              |                    |                    |                    |                    |
| <i>Net increase/decrease in short-term deposits</i>                          |              |                    |                    |                    |                    |
| <i>Net increase/decrease in other liquid deposits</i>                        |              |                    |                    |                    |                    |
| <i>Financing</i>   |              |                    |                    |                    |                    |
| <i>Cash Outflows</i>   |              |                    |                    |                    |                    |
| <i>Repayment of amount borrowed</i>  |              | <b>(828,285)</b>   |                    | <b>(649,753)</b>   |                    |
| <i>Capital Element of Finance Lease Rental Payments</i>                      |              | <b>(246,693)</b>   |                    | <b>(247,531)</b>   |                    |
| <i>Cash Inflows</i>  |              |                    |                    |                    |                    |
| <i>New Loans Raised</i>  | <b>12</b>    | <b>3,481,000</b>   |                    | <b>4,218,000</b>   |                    |
| <i>New short term Loans Raised</i>   |              |                    |                    |                    |                    |
| <i>Net Cash Inflow from Financing</i>  |              |                    | <b>2,406,021</b>   |                    | <b>3,320,716</b>   |
| <i>Increase/(Decrease) in Cash and Cash equivalents</i>                      |              |                    | <b>1,401,136</b>   |                    | <b>896,114</b>     |

## **Notes to Financial Statements**

### **1. Accounting Policies**

#### **1.1. General Principles**

*The financial statements have been prepared under the historical cost convention and are in accordance with directions and guidance contained in the 'Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice' (SORP) and in a form directed by the Department of Environment for Northern Ireland as set down in the Local Government Act (Northern Ireland) 1972. The general principles adopted in compiling and presenting the financial statements are those specified within the 2006 SORP. The 2006 SORP is based on approved accounting standards for the preparation of financial statements for the financial year beginning 1 April 2006. These financial statements comply with accounting standards issued or adopted by the Accounting Standards Board in so far as these are applicable to Local Government. The Council's accounting treatment for landfill closure costs, as disclosed at note 14 in the balance sheet, is based on the assumption that the landfill site will be fully utilised until its expected closure in 2016. While the calculation of the year end landfill provision may not fully follow the principles of FRS 12 e.g. the capping costs for the parts of the Council landfill site currently being used are not provided for, the Council is satisfied that the current accounting treatment is the most appropriate to the Council's circumstances since over the life of the landfill site:-*

*intermediate capping costs will have been met by short term loans, which themselves will have been repaid before site closure*

*all past and future landfill costs for the Drumnakelly landfill site will have been either paid for or been fully funded for at the time of site closure*

*Following from this, the accounts are presented on the basis that the Council will continue to operate for the foreseeable future, the going concern concept. The accounts also reflect the concept of the primacy of legislative requirements in that where an accounting treatment is prescribed by law, it must be applied, even if it contradicts another accounting concept. In addition the Chartered Institute of Public Finance and Accountancy (CIPFA) publish a number of bulletins dealing with capital finance and Best Value accounting, which have been followed when preparing these financial statements.*

*The District Fund Income and Expenditure Account on page 9 has been prepared using the Service Expenditure Analysis in the Best Value Accounting Code of Practice.*

#### **1.2. Accounting Concepts**

*In General the financial statements are prepared on the basis of historical cost modified by the revaluation of land and buildings subject to and in accordance with the fundamental accounting concepts set out below:*

##### *Reliability*

*The financial statements are prepared on the basis that the financial information contained within them is reliable, i.e. free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.*

#### *Relevance*

*The financial statements are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.*

#### *Comparability*

*The financial statements are prepared so as to enable comparison between financial years. To aid comparability the Council has applied its accounting policies consistently both during the year and between years.*

#### *Understandability*

*Every effort has been made to make the financial statements as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of basic accounting and local government finance. Where the use of technical terms has been unavoidable, an explanation has been provided in the body of the financial statements.*

#### *Materiality*

*Certain information may be excluded from the financial statements on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.*

#### *Accruals*

*With the exception of the Consolidated Cash Flow Statement, the financial statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the financial statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.*

### **1.3. Fixed Assets**

*All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in accordance with Financial Reporting Standard 15 Tangible Fixed Assets (FRS 15). The Council applies a de-minimis level of £3,000 to all fixed assets (on an individual asset basis), meaning only assets over £3,000 are capitalised. Subsequent capital expenditure is capitalised only where it provides an enhancement to the economic benefits of the asset in excess of those previously assessed. Fixed assets are classified into the groupings required by the SORP and valued as follows:*

- 1.3.1. intangible fixed assets, which can be valued and are capable of being used by the Council for more than one year, are included in the Balance Sheet at historical cost. These consist of market rights acquired in perpetuity and as they have an indeterminate life have not been depreciated.*
- 1.3.2. groups of tangible assets, which are interdependent and are capable of being used by the Council for more than one year, are included in the Balance Sheet exactly as for other tangible assets.*
- 1.3.3. tangible assets, capable of being used by the Council for more than one year, are included in the Balance Sheet as follows:*
  - i. operational assets (including other land and buildings, vehicles, plant and equipment) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value.*
  - ii. a landfill site is included which has been valued as operational land based on the void space available on the site.*
  - iii. other operational assets (including infrastructure and community assets which are held for the purposes of the community and where there is little or no prospect of them ever being sold) are included in the Balance Sheet at historical cost, net of depreciation.*

- iv. *non-operational assets (including investment properties and assets that are surplus to requirements) are included in the Balance Sheet at the lower of net current replacement cost and net realisable value - in the case of investment properties, this is normally open market value.*
- v. *other non-operational assets (including assets under construction) are included in the Balance Sheet at historical cost.*
- vi. *land, buildings, installations, and fittings are valued at open market valuation for their existing use, other than land and buildings that are surplus to requirements which are valued at open market value for their alternative use. An independent valuer carries out valuations at five-yearly intervals. Surpluses arising from the revaluation of land and buildings are taken directly to the fixed asset restatement account, which is an account that cannot be used to support spending. Community assets are included at a nil valuation. Equipment is valued at historic cost. Assets in the course of construction are valued at cost.*
- vii. *in accordance with Financial Reporting Standard 11 Impairment of Fixed Assets and Goodwill, the valuer also reviews assets for impairment due to one or more of the following events:*
  - *a significant decline in a fixed asset's market value*
  - *evidence of obsolescence or physical damage*
  - *significant adverse change in the statutory or other regulatory environment in which the Council operates*
  - *a commitment by the Council to undertake significant re-organisation.*
- viii. *Impairment losses arising from asset use (e.g. physical damage or deterioration) are charged to the service account and are an appropriation to the Capital Financing Account. The Capital Financing Account contains the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. The Capital Financing Account is an account that cannot be used to support spending. This ensures that the overall revenue effect is neutral and that no cost falls to the ratepayer. Impairment losses may be reversed if circumstances change.*
- ix. *in accordance with FRS 15, depreciation has been provided on all fixed assets with the exception of freehold land, assets in the course of construction and non-operational assets. Depreciation is charged on a straight-line basis on each main class of tangible asset as follows:*
  - *buildings, installations, and fittings are depreciated on their historic value over the estimated remaining life of the asset as advised by the Valuation and Lands Agency. Depending on the type of installation or fitting the maximum useful life will be in the range of 15-40 years*
  - *plant, vehicles and equipment (excluding IT equipment) is depreciated on historic cost over a period of 5 to 10 years dependent on the asset. IT equipment is depreciated over 3 or 7 years dependent on expected life.*
  - *intangible assets are not depreciated as they have an indeterminate life.*
  - *a full year's depreciation is charged in the year of acquisition and none in the year of disposal.*
- x. *income from the disposal of fixed assets is credited to the capital receipts reserve and the net book value is written off against the fixed asset restatement account, in the Balance Sheet. Whilst this is contrary to the requirements of Financial Reporting Standard 3 Reporting Financial Performance (FRS 3) it is consistent with the SORP.*
- xi. *assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised under deferred liabilities in the Balance Sheet. The asset is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Rentals under operating leases are charged to the Consolidated Revenue Account in the year in which they arise.*

- xii. *capital charges made to the District Fund Income and Expenditure Account equate to depreciation applied to all operational assets employed by the Council. The accounts for 2005/06 have been restated to take into consideration the change in accounting policy..*
- xiii. *any contribution towards the purchase of a fixed asset is taken to the Government Grants deferred account in the Balance Sheet. The balance is then amortised to the service accounts in the District Fund Income and Expenditure Account over the useful life of the asset.*

#### **1.4. Debtors and Creditors**

*The accounts of the Council are maintained on an accruals basis in accordance with the SORP and Financial Reporting Standard 18 (FRS18) Accounting Policies. This ensures that provision has been made for known outstanding debtors and creditors at the year-end, estimated amounts being used where actual figures are not available.*

*A provision for doubtful debts is included in the financial statements. Provisions in respect of bad debts have been estimated in accordance with recommended practice and past experience. Uncollectible debts are only written off to the District Fund Income and Expenditure Account after all recovery avenues open to the Council have been exhausted and the Council has formally approved the write off.*

#### **1.5. Stocks**

*Stocks are valued on the basis of the latest invoiced price. This is not materially different from valuation on a First In First Out (FIFO) basis as recommended by Statement of Standard Accounting Practice 9 Stocks and Long-Term Contracts (SSAP 9).*

#### **1.6. Value Added Tax**

*All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable.*

#### **1.7. Provisions**

*Provisions for liabilities and charges have been established in accordance with Financial Reporting Standard 12 Provisions, Contingent Liabilities and Assets (FRS 12). These are sums set aside for liabilities or losses, which are certain to arise but owing to their inherent nature cannot be quantified with any certainty.*

## **1.8. Overheads**

*Charges or apportionments covering all support service costs are made to all their users. A consistent basis is used to apportion these costs and the Council does not have any unapportionable overheads. The costs of the Corporate and Democratic Core are not apportioned to other expenditure headings.*

## **1.9. Pensions**

*The Council charges the District Fund with an amount equal to the retirement benefits payments which it made for that financial year in accordance with discretionary compensation regulations.*

*Councils in Northern Ireland contribute to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) scheme. It is a multi-employer defined benefit scheme, which is treated as a defined contribution scheme under Financial Reporting Standard 17 Retirement Benefits (FRS17). This scheme provides the relevant information within its own accounts. The Council provides further information on discretionary benefits awarded to employees. The Council's contribution rate is determined by NILGOSC's actuary every three years and is set to maintain the solvency of the fund. The Council's current contribution is 11%*

## **1.10. Post Balance Sheet Events**

*The Council complies with the requirements of Financial Reporting Standard 21 Events after the Balance Sheet Date (FRS21). Changes are made to the financial statements where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing at the balance sheet date or indicates that the application of the going concern concept to a material part of the Council is not appropriate. There are no material post balance sheet events to report in these financial statements.*

## **1.11. Group Accounts**

*The Council is satisfied that group accounts do not have to be prepared since:*

- The Council has no interest in the share capital of any entities*
- The Council has no right to share in either the profits or obligation to contribute to the losses of any entity*

## **1.12. Cash Flow – Liquid Resources**

*This consists of investments with a period of notice of more than one day and less than one year.*

## Significance of the Statement of Movement on the District Fund Balance

2. The movement on the District Fund balance adjusts the surplus or deficit generated by the Council in accordance with Generally Accepted Accounting Principles (GAAP). The closing balance is available to fund Council services.

3. Analysis of the Movement on the District Fund Balance

| Notes  | 2006/07            |                  | 2005/06          |                  |
|--|--------------------|------------------|------------------|------------------|
|  | £                  | £                | £                | £                |
| <b>Surplus for the year on the District Fund - Income and Expenditure Account</b>  |                    | (516,375)        |                  | 7,525            |
| <i>Net Additional amount required by statute and non-statutory proper practices to be debited or credited to the District Fund Balance for the year:</i> |                    |                  |                  |                  |
| <b>Transfer to Capital Financing Account:</b>  |                    |                  |                  |                  |
| Direct Revenue financing of Capital Expenditure  |                    | (450,000)        |                  | (400,000)        |
| Deferred grants amortised in the year  |                    | (307,872)        |                  | (235,139)        |
| Loan and Leasing principal/depreciation adjustment   |                    |                  |                  |                  |
| Depreciation charged in the year   | 2,495,323          |                  | 2,408,935        |                  |
| Loan and Leasing principal repayments during the year  | <u>(1,074,979)</u> | 1,420,344        | <u>(911,879)</u> | 1,497,056        |
| <b>Transfers to/from earmarked reserves</b>  |                    |                  |                  |                  |
| Capital Fund   |                    |                  |                  |                  |
| Renewals and repairs fund  |                    | 42,523           |                  | (25,000)         |
| Election Reserve   |                    | 123              |                  |                  |
| Pension Reserve  |                    | (47,801)         |                  | (46,347)         |
| <b>Gain/loss on disposal of fixed assets</b>   |                    | (21,732)         |                  | (154,116)        |
| <b>Other</b>   |                    |                  |                  |                  |
| <b>Net adjustments to Income &amp; expenditure Account</b>   |                    | <u>635,585</u>   |                  | <u>636,454</u>   |
| <b>Movement on the District Fund Balance for the year</b>  |                    | 119,210          |                  | 643,979          |
| District Fund Balance Brought Forward  |                    | <u>2,403,347</u> |                  | <u>1,759,368</u> |
| <b>District Fund Balance Carried Forward</b>   |                    | <u>2,522,557</u> |                  | <u>2,403,347</u> |

4. Operating Expenses

4.1. Operations

The Council did not acquire or discontinue any operations and has no outstanding liabilities in respect of discontinued operations.

4.2. Exceptional or Extraordinary Items

There were no exceptional or extraordinary items to be reported in the accounts.

4.3. Contingent Liability

The Council has undertaken to harmonise wages, salaries and conditions of service in line with National Agreements and this was to be completed by 1<sup>st</sup> April 2007. There may be a financial cost to Council arising from this review; however currently the Council is unable to reliability estimate the financial cost, if any, to Council, from this exercise. The Council is a member of the Joint Committee (ARC21) set up to manage refuse disposal. As a result of a significant litigation case ARC21 has incurred additional expenditure. The Council have been advised that it is not required to establish a contingent liability as it is believed that costs will be recovered from insurance cover or reserves.

#### 4.4. Section 115

##### 4.4.1. (a) Section 115 Expenditure

*Section 115 of the Local Government Act (Northern Ireland) 1972 enables district councils to spend up to the aggregate of the product of a rate of 0.0596p in the pound on the rateable value of non-Domestic hereditaments; and the product of a rate of 0.5p in the pound on the rateable value of Domestic hereditaments (equivalent to £336,169 in 2006/2007) for the benefit of all the inhabitants in the district, or part of the district on activities not specifically authorised by other powers. Expenditure amounted to £4,220 in 2006/2007 compared to £6,335 in 2005/2006.*

##### (b) Section 115c Expenditure

*Section 115c of the Local Government Act (Northern Ireland) 1972, as amended by Article 41 of the Local Government (Miscellaneous provisions) (Northern Ireland) Order 1992, requires the Council to keep a separate record of its expenditure on publicity. In 2006/2007 this Council incurred expenditure totalling £229,370 which comprised:*

|                              | <b>2006/07</b> | <b>2005/06</b> |
|------------------------------|----------------|----------------|
|                              | <b>£</b>       | <b>£</b>       |
| Promoting Tourism            | 152,225        | 306,041        |
| Promoting leisure facilities | 27,224         | 16,855         |
| Community relations          |                |                |
| Refuse collection            | 11,450         | 380            |
| Other advertising            | 38,471         | 29,539         |
|                              | <hr/> 229,370  | <hr/> 352,815  |

##### 4.5. Audit Fees

|                        | <b>2006/07</b> | <b>2005/06</b> |
|------------------------|----------------|----------------|
|                        | <b>£</b>       | <b>£</b>       |
| Local Government Audit | 21,289         | 25,700         |

##### 4.6. Leases

*Expenditure during the year on finance lease rentals was £288,115 (2005/06 - £280,316) and outstanding finance lease rentals at 31 March 2007 are as follows*

|         | <b>2006/07</b> | <b>2005/06</b> |
|---------|----------------|----------------|
|         | <b>£</b>       | <b>£</b>       |
| 2006/07 |                | 257,761        |
| 2007/08 | 272,574        | 201,910        |
| 2008/09 | 214,248        | 143,584        |
| 2009/10 | 155,653        | 94,719         |
| 2010/11 | 114,612        | 53,679         |
| 2011/12 | 101,300        | 53,679         |
| 2012/13 | 52,551         | 18,241         |
|         | <hr/> 910,938  | <hr/> 823,574  |

#### 4.7. Employee Costs and Members' Allowances

4.7.1. The total Salaries and Wages cost excluding pension and redundancy payments for the year but including the cost of agency staff was £7,731,284 and is not inclusive of the cost of staff employed on behalf of the Down Partnership Board nor staff employed in the South Eastern Group Building Control.

#### 4.7.2. Staffing Costs

Staffing costs are based on gross pay received or receivable excluding expense allowances and include employers national insurance contributions and pension contributions

##### Council

|                                 | <b>2006/07</b>   | <b>2005/06</b>   |
|---------------------------------|------------------|------------------|
|                                 | <b>£</b>         | <b>£</b>         |
| Gross Pay                       | 6,587,894        | 6,304,360        |
| Employers National Insurance    | 481,281          | 456,634          |
| Employers Pension Contributions | 581,263          | 426,663          |
| <b>Total Gross Cost</b>         | <b>7,650,438</b> | <b>7,187,657</b> |

The Council also made payment to the following staff whose costs are recharged to other bodies or Councils

##### Group Building Control

|                                 | <b>2006/07</b> | <b>2005/06</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| Gross Pay                       | 146,433        | 140,396        |
| Employers National Insurance    | 13,325         | 12,716         |
| Employers Pension Contributions | 14,074         | 10,429         |
| <b>Total Gross Cost</b>         | <b>173,832</b> | <b>163,541</b> |

The Council also made payment to the following staff whose costs are recovered from the Special European Program Body

##### Down District Local Partnership Board

|                                 | <b>2006/07</b> | <b>2005/06</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| Gross Pay                       | 42,024         | 40,621         |
| Employers National Insurance    | 3,364          | 2,899          |
| Employers Pension Contributions | 4,623          | 3,444          |
| <b>Total Gross Cost</b>         | <b>50,011</b>  | <b>46,964</b>  |

#### 4.7.3. Senior Employees' Remuneration.

|                    | <b>2006/07</b> | <b>2005/06</b> |
|--------------------|----------------|----------------|
|                    | <b>Number</b>  | <b>Number</b>  |
| £40,001 to £50,000 | 2              | 1              |
| £50,001 to £60,000 | 3              | 3              |
| £60,001 to £70,000 |                |                |
| £70,001 to £80,000 | <u>1</u>       | <u>1</u>       |
|                    | <u>6</u>       | <u>5</u>       |

The remuneration is calculated with reference to gross pay excluding non-taxable expenses and pension contributions.

4.7.4. Average Number of Employees – where FTE represents fulltime equivalent employees.

|                                    | <b>2006/07</b> | <b>2005/06</b> |
|------------------------------------|----------------|----------------|
|                                    | <b>FTE</b>     | <b>FTE</b>     |
| Corporate/Clerks Department        | 43.78          | 44.81          |
| Environmental Services             | 85.26          | 81.98          |
| Building Control/Building Services | 42.63          | 39.98          |
| Recreation                         | 87.00          | 83.22          |
| Culture and Economic Development   | <u>37.01</u>   | <u>38.81</u>   |
|                                    | <u>295.68</u>  | <u>288.80</u>  |
| Full-time numbers employed         | 263.74         | 259.65         |
| Part-time numbers employed         | <u>31.94</u>   | <u>29.15</u>   |
|                                    | <u>295.68</u>  | <u>288.80</u>  |

4.7.5. Redundancy Payments

The Council did not grant redundancy to any members of staff during the year ended 31<sup>st</sup> March 2007.

4.7.6. Pension Costs

The Council contributes to the Northern Ireland Local Government Officers Pension Scheme with total pensionable pay being £5,284,510 and total employee and employer contribution as set out below. The employers' contribution was set by the Pension fund at 11.0% with former administrative staff contributing 6% and former non administrative staff 5% of pensionable pay. All new appointments, if they opt to join the pension scheme are required to contribute 6% of pensionable pay.

|              | 2006/2007      |                      | 2005/2006      |
|--------------|----------------|----------------------|----------------|
|              | £              | % of Pensionable Pay | £              |
| Employee     | 307,270        | 5.81                 | 290,109        |
| Employer     | 581,263        | 11.00                | 426,674        |
| <b>Total</b> | <u>888,533</u> | <u>16.81</u>         | <u>716,783</u> |

The Council participates in the NILGOSC pension scheme for the majority of its employees. This is a defined benefit scheme. NILGOSC is able to identify the associated assets and liabilities and any surplus or deficits in the scheme which apply directly to the Council.. The last formal valuation at 31<sup>st</sup> March 2004 showed the fund to be in deficit with the value of its assets representing 84% of the value of its liabilities for service to the valuation date. The fund managers have proposed an increase in employers' contributions to address the shortfall in the fund. The results of the valuation at March 2007 are not available for inclusion in these accounts at time of preparation.

#### 4.7.7. Additional Pension Benefits

In addition the Council made contributions to the Pension Fund totalling £47,800 in respect of former employees who had been granted additional pension benefits. An actuarial valuation has been calculated in respect of the total costs of pension benefits granted. The table below gives the movement in the pension reserve set up to account for these pension liabilities.

|                                 | <b>2006/07</b> | <b>2005/06</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| Opening Balance                 | 678,728        | 675,764        |
| Less: payments to NILGOSC       | 47,800         | 46,347         |
| Add:                            |                |                |
| Revaluation                     | 46,722         | 49,311         |
| amounts arising during the year |                |                |
|                                 | <hr/> 677,650  | <hr/> 678,728  |

#### 4.7.8. Members Allowances

|                                  | <b>2006/07</b> | <b>2005/06</b> |
|----------------------------------|----------------|----------------|
|                                  | <b>£</b>       | <b>£</b>       |
| Basic Allowance                  | 110,400        | 105,627        |
| Attendance Allowance             | 28,666         | 28,160         |
| Special Responsibility Allowance | 9,700          | 9,400          |
| Miscellaneous                    | 46,605         | 42,071         |
| Travel                           | 19,692         | 19,397         |
|                                  | <hr/> 215,063  | <hr/> 204,655  |

Miscellaneous allowances include payment to independent members of the District Policing Partnership.

#### 4.7.9. Bank Interest and Investment income

|                             | <b>2006/07</b> | <b>2005/06</b> |
|-----------------------------|----------------|----------------|
|                             | <b>£</b>       | <b>£</b>       |
| Current Account Interest    | 69,916         | 69,388         |
| Short-term deposit interest | 211,322        | 170,944        |
|                             | <hr/> 281,238  | <hr/> 240,332  |

#### 4.7.10. General Grant

The amount of General Grant received is now paid within the year and no finalisation is required:

|                           | <b>2006/07</b> | <b>2005/06</b> |
|---------------------------|----------------|----------------|
|                           | <b>£</b>       | <b>£</b>       |
| Department of Environment | 2,153,277      | 2,140,969      |

#### 4.7.11. District Rates

|                                      | 2006/07    | 2005/06    |
|--------------------------------------|------------|------------|
|                                      | £          | £          |
| Received for Year                    | 12,152,376 | 10,804,730 |
| Received for Finalisation prior year | 547,116    | 404,405    |
| Accrued for finalisation prior year  | -450,000   | -404,405   |
| Accrued for finalisation             | 450,000    | 450,000    |
|                                      | 12,249,492 | 11,254,730 |

*The balance of rates income due from the Rates Collection Agency has not been confirmed at the date of approving these financial statements nor can an estimate has been made as there is no information available to the Council.*

#### 4.7.12. Related Party Transactions

- 4.7.12.1. *Financial Reporting Standard 8 Related Party Disclosures (FRS 8) requires the Council to disclose all material related party transactions arising during the year. Related parties are bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. Disclosing these types of transactions in financial statements permits readers to assess the extent to which the Council might have constrained its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council*
- 4.7.12.2. *Councillors have direct control over the Council's financial and operating policies. In the 2006/07 financial year the Council commissioned no work in which Councillors had an interest.*
- 4.7.12.3. *The Council also paid grants of £612,193 to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.*
- 4.7.12.4. *The Council provides administration support to a number of related organisations. During 2006/07, the Council reported income of £8,900 from these organisations of which £3,000 was outstanding at 31 March 2007.*
- 4.7.12.5. *During 2006/07 the Council had reported expenditure of £205,790 to other Councils and reported income of £316,555 from other Councils, of which £80,886 was outstanding at 31 March 2007. These amounts mainly related to services provided.*
- 4.7.12.6. *The Council operates the disbursement of Landfill Tax Credits through the Ulster Wildlife Trust, which has elected member involvement. Their interest was beneficial since their representation was not part of the conditions of Council awarding grant. During the year they received the sum of £48,441 part of which included a 10% administration fee.*
- 4.7.12.7. *The Director of Corporate Services and members of the Council are appointed to the management board of the St Patrick's Centre as a condition of continued support, established for the promotion of a Saint Patrick's Heritage Centre. The Council administers the payment of salaries on behalf of the Centre for which no fee is received. The Centre received £160,000 from the Council. The Saint Patrick's Centre owed the Council £66,429 in respect of a balance of a loan advanced. (£139,384 for 2005/06.)*

## 5. Fixed Assets

|                           | Intangible Assets | Land      | Buildings   | Landfill Including Deferred Charge | Infrastructure Assets | Community Assets | Vehicles    | Plant     | Equipment | I.T. equipment | Non - Operational Land and Buildings | Assets Under Construction | TOTAL        |
|---------------------------|-------------------|-----------|-------------|------------------------------------|-----------------------|------------------|-------------|-----------|-----------|----------------|--------------------------------------|---------------------------|--------------|
| <b>Cost or Valuation</b>  |                   |           |             |                                    |                       |                  |             |           |           |                |                                      |                           |              |
| At 1 April 2006           | 65,000            | 7,077,731 | 19,713,678  | 12,872,745                         | 364,181               | 18               | 2,332,995   | 200,556   | 990,593   | 984,070        | 279,250                              | 5,696,882                 | 50,577,699   |
| Additions                 |                   |           | 8,478,976   |                                    |                       |                  | 96,822      | 336,096   |           | 77,440         | 13,474                               | 1,880,248                 | 10,883,056   |
| Disposals                 |                   |           |             |                                    |                       |                  | (193,054)   | (23,740)  | (204,377) | (827,358)      |                                      | (5,392,023)               | (6,640,552)  |
| Revaluations              |                   |           |             |                                    |                       |                  | 38,500      | 6,200     | 400       | 3,000          |                                      |                           | 48,100       |
| At 31 March 2007          | 65,000            | 7,077,731 | 28,192,654  | 12,872,745                         | 364,181               | 18               | 2,275,262   | 519,112   | 786,616   | 237,152        | 292,724                              | 2,185,107                 | 54,868,303   |
| <b>Depreciation</b>       |                   |           |             |                                    |                       |                  |             |           |           |                |                                      |                           |              |
| At 1 April 2006           |                   |           | (3,265,448) | (4,154,299)                        | (75,016)              |                  | (1,474,304) | (165,075) | (601,887) | (974,340)      |                                      |                           | (10,710,369) |
| Depreciation for the Year |                   |           | (1,475,042) | (461,260)                          | (25,005)              |                  | (296,441)   | (72,158)  | (132,153) | (33,264)       |                                      |                           | (2,495,323)  |
| Disposals                 |                   |           |             |                                    |                       |                  | 192,940     | 22,550    | 204,377   | 827,358        |                                      |                           | 1,247,225    |
| At 31 March 2007          |                   |           | (4,740,491) | (4,615,559)                        | (100,021)             |                  | (1,577,805) | (214,683) | (529,664) | (180,246)      |                                      |                           | (11,958,467) |
| <b>Net Book Value as</b>  |                   |           |             |                                    |                       |                  |             |           |           |                |                                      |                           |              |
| At 31 March 2006          | 65,000            | 7,077,731 | 16,448,229  | 8,718,446                          | 289,165               | 18               | 858,691     | 35,481    | 388,706   | 9,730          | 279,250                              | 5,696,882                 | 39,867,329   |
| At 31 March 2007          | 65,000            | 7,077,731 | 23,452,164  | 8,257,186                          | 264,160               | 18               | 697,457     | 304,429   | 256,953   | 56,906         | 292,724                              | 2,185,107                 | 42,909,836   |

Intangible assets relate solely to market rights and due their indeterminate life are not depreciated.

The Council is not aware of any material changes in the value of freehold or leasehold properties therefore the valuations have not been updated.

The last valuation of freehold and leasehold properties was carried out as at 1<sup>st</sup> April 2003 by an independent valuer from the Valuation and Lands Agency (VLA)

6. *Leased Assets (included within vehicles, plant and equipment)*

|                                 | <i>Vehicles</i> | <i>Plant</i> | <i>TOTAL</i> |
|---------------------------------|-----------------|--------------|--------------|
|                                 | £               | £            | £            |
| <b><i>Cost or Valuation</i></b> |                 |              |              |
| <i>At 1 April 2006</i>          | 1,280,837       | 37,800       | 1,318,637    |
| <i>Additions</i>                | 68,468          | 252,521      | 320,989      |
| <i>Disposals</i>                |                 |              |              |
| <i>At 31 March 2007</i>         | 1,349,305       | 290,321      | 1,639,626    |
| <b><i>Depreciation</i></b>      |                 |              |              |
| <i>At 1 April 2006</i>          | 625,792         | 22,680       | 648,472      |
| <i>Disposals</i>                |                 |              |              |
| <i>Provided for year</i>        | 207,998         | 43,631       | 251,629      |
| <i>At 31 March 2007</i>         | 833,790         | 66,311       | 900,101      |
| <b><i>Net Book Value</i></b>    |                 |              |              |
| <i>At 31 March 2006</i>         | 655,045         | 15,120       | 670,165      |
| <i>At 31 March 2007</i>         | 515,515         | 224,010      | 739,525      |

7. *Capital Expenditure*

|   | <i>2006/07</i> | <i>2005/06</i> |
|---|----------------|----------------|
|   | £              | £              |
| <b><i>Expenditure</i></b>                   |                |                |
| <i>Land and Buildings</i>                   | 3,581,216      | 1,761,433      |
| <i>Major Works</i>                          | 1,394,517      | 3,846,949      |
| <i>Vehicles, plant, equipment and other</i> | 523,831        | 551,462        |
|   | 5,499,564      | 6,159,844      |
| <b><i>Financed By</i></b>                   |                |                |
| <i>Borrowings:</i>                          |                |                |
| <i>Loan</i>                                 | 3,481,000      | 4,218,000      |
| <i>Finance Leases</i>                       | 320,989        | 388,198        |
| <i>Grants Receivable</i>                    | 1,165,796      | 572,676        |
| <i>Capital Receipts</i>                     | 31,568         | 158,692        |
| <i>Revenue Contribution to Capital</i>      | 450,000        |                |
|   | 5,449,353      | 5,337,566      |
| <i>Surplus/(Deficit)</i>                    | (50,211)       | (822,278)      |
| <i>Balance at 1 April 2006</i>              | (682,117)      | 140,161        |
| <i>At 31 March 2007</i>                     | (732,328)      | (682,117)      |

## 8. Future Capital Commitments

|  | Approved<br>£ | Expenditure<br>£ | Balance<br>£ |
|--|---------------|------------------|--------------|
| <i>Expenditure Approved and Contracted for</i> |               |                  |              |
| <i>Drumaness Community Centre</i>              | 442,150       | 62,476           | 379,674      |
| <i>Newcastle Promenade Phase 2</i>             | 2,315,625     | 1,478,011        | 837,614      |
| <i>Newcastle Streetscape</i>                   | 3,772,305     | 941,396          | 2,830,909    |

*Note:*

*The Newcastle Streetscape Project is being undertaken on behalf of Department of Social Development and is fully funded.*

|  |         |         |         |
|--|---------|---------|---------|
| <i>Expenditure Approved but Not Contracted for</i> |         |         |         |
| <i>Administration Centre</i>                       | 907,995 | 463,726 | 444,269 |
| <i>Other Schemes</i>                               | 180,894 | 180,894 |         |

## 9. Debtors

|  | 2006/07<br>£          | 2005/06<br>£          |
|--|-----------------------|-----------------------|
| <i>Amounts falling due in less than one year</i> |                       |                       |
| <i>Government Departments</i>                    | 1,603,840             | 1,154,193             |
| <i>Other Councils</i>                            | 88,542                | 74,831                |
| <i>Value Added Tax</i>                           | 603,560               | 432,399               |
| <i>Payments in advance</i>                       | (25,235)              | 66,043                |
| <i>Other</i>                                     | 619,298               | 489,325               |
|  | <hr/> 2,890,006       | <hr/> 2,216,791       |
| <i>less: provision for doubtful debts</i>        | (83,082)              | (6,430)               |
| <b>Total debtors</b>                             | <hr/> <hr/> 2,806,924 | <hr/> <hr/> 2,210,361 |

## 10. Short-term Investments

|                      | 2006/07<br>£ | 2005/06<br>£ |
|----------------------|--------------|--------------|
| <i>Bank Deposits</i> | 4,889,867    | 4,725,732    |

## 11. Creditors

|  | 2006/07<br>£    | 2005/06<br>£    |
|--|-----------------|-----------------|
| <i>Government Departments</i>                      | 31,532          | 161,014         |
| <i>Other Local Authorities</i>                     | 21,000          | 84,520          |
| <i>Receipts in advance</i>                         | 29,250          | 147,192         |
| <i>Loan interest payments due within 12 months</i> | 143,922         | 128,987         |
| <i>Taxation and Social Security</i>                |                 |                 |
| <i>Other taxation</i>                              |                 |                 |
| <i>Other Creditors</i>                             | 2,921,480       | 870,915         |
|  | <hr/> 3,147,184 | <hr/> 1,392,628 |

12. Borrowings Repayable within a Period in Excess of one year

All long term borrowing has been met from the Government Loans Fund with the following summary transactions in the year and schedules of repayments of principal and interest on all borrowings

| Government Loans                            | 2006/07           | 2005/06           |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Balance Brought Forward                     | 12,394,976        | 8,849,237         |
| Add - Loans Taken Up                        | 3,481,000         | 4,218,000         |
| Less: Repayments of Principal               | (828,285)         | (672,261)         |
| Balance Carried Forward                     | <u>15,047,691</u> | <u>12,394,976</u> |
| <br>  |                   |                   |
| Summarised Schedule of principal Repayments | 2006/07           | 2005/06           |
|   | £                 | £                 |
| Repayable between 1 and 2 years             | 822,554           | 697,390           |
| Repayable between 2 and 5 years             | 2,073,960         | 1,827,743         |
| Repayable between 5 and 10 years            | 3,552,509         | 2,881,726         |
| Repayable in more than 10 years             | 7,799,410         | 6,195,118         |
| Government Loans Fund                       | <u>14,248,433</u> | <u>11,601,977</u> |
| <br>  |                   |                   |
| Interest related to repayments              | 2006/07           | 2005/06           |
|   | £                 | £                 |
| Repayable between 1 and 2 years             | 855,094           | 740,109           |
| Repayable between 2 and 5 years             | 2,258,031         | 1,930,526         |
| Repayable between 5 and 10 years            | 2,778,382         | 2,361,682         |
| Repayable in more than 10 years             | 2,881,821         | 2,348,598         |
| Government Loans Fund                       | <u>8,773,328</u>  | <u>7,380,915</u>  |

13. Deferred Liabilities

The Council finances the acquisition of some fixed assets by the use of finance leases. The assets acquired are reflected in the balance sheet and the corresponding liability through the deferred liability account. A summary of the transactions is given below together with the long term commitment of the Council.

|   | 2006/07        | 2005/06        |
|---|----------------|----------------|
|   | £              | £              |
| Summarised Schedule of Principal Repayments |                |                |
| Between 1 and 5 years                       | 736,803        | 548,516        |
| In more than 5 years                        | 44,668         | 61,660         |
|   | <u>781,471</u> | <u>610,176</u> |
| <br>  |                |                |
| Interest related to repayments              | 2006/07        | 2005/06        |
|   | £              | £              |
| Between 1 and 5 years                       | 121,583        | 106,138        |
| In more than 5 years                        | 7,883          | 10,260         |
|   | <u>129,466</u> | <u>116,398</u> |

14. Provisions

|                 | 2006/07          | 2005/06          |
|-----------------|------------------|------------------|
|                 | £                | £                |
| Opening Balance | 5,068,000        | 5,068,000        |
| Revaluations    |                  |                  |
|                 | <u>5,068,000</u> | <u>5,068,000</u> |

The landfill closure costs provision of has been internally recalculated and reflects both the estimated final capping costs at closure and the estimated annual aftercare costs for the next 25 years post closure. A capital fund is being accumulated to meet these costs and the repayment of fixed loan repayments remaining after closure of the site (£1,516,491).

The landfill deferred asset is being depreciated at the same rate as contributions are being made to the capital fund.

Given that the current rate of inflation is not materially different from the risk free discount rate e.g. government bond rate then this provision has not been discounted.

The provision has not been reviewed in the current year as there is a review of both the capacity and the life of the site underway. When this review is complete then a review of the provision will be undertaken. As part of its revenue planning the Council propose to put significant portion of the finalisation of rates into the matching capital fund.

15. Deferred grants

|   | 2006/07          | 2005/06          |
|---|------------------|------------------|
|   | £                | £                |
| Opening Balance   | 2,031,036        | 1,693,499        |
| Add: new grants received  | 1,165,796        | 572,676          |
| Less: amounts released to the District<br>Fund - Income and Expenditure Account | (307,872)        | (235,139)        |
|   | <u>2,888,960</u> | <u>2,031,036</u> |

Government Grants received are amortised over the life of the asset and released to the District Fund Income and Expenditure Account.

16. Cashflow

16.1. Reconciliation of Surplus to Net cash Inflow from Operating Activities

|  | 2006/07   |                  | 2005/06   |                  |
|--|-----------|------------------|-----------|------------------|
|  | £         | £                | £         | £                |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>  |           | <b>(516,375)</b> |           | <b>7,525</b>     |
| <b><u>Non Cash Transactions</u></b>  |           |                  |           |                  |
| Depreciation   | 2,495,323 |                  | 2,408,935 |                  |
| Deferred Grants amortised in year  | (307,872) |                  | (235,139) |                  |
| Payments to NILGOSC  | (47,801)  |                  | (46,347)  |                  |
| Net payments from Other Funds  | (4,542)   |                  | (65,435)  |                  |
| Contributions to Other Reserves/Provisions   |           |                  | (12,383)  |                  |
|  |           | <b>2,135,108</b> |           | <b>2,049,631</b> |
| <b><u>Adjustment for items reported seperately on Cashflow</u></b>   |           |                  |           |                  |
| Interest and Investment Income (Ordinary interest received)  |           | (62,714)         |           | (66,622)         |
| Interest payable and similar charges including gains or losses on the repurchase or early settlement of borrowings |           | 859,216          |           | 720,478          |
| Interest element of finance lease rental payments  |           | 41,422           |           | 53,498           |
| Gain or loss on the disposal of fixed assets   |           | (21,732)         |           | (154,116)        |
| <b><u>Items on an Accrual Basis</u></b>  |           |                  |           |                  |
| (Increase)/Decrease in Stock   |           | 10,009           |           | (5,490)          |
| (Increase)/Decrease in Debtors   |           | 493,129          |           | 133,244          |
| Increase/(Decrease) in Creditors   |           | (111,411)        |           | 559,643          |
| <b>Net Cash Inflow/(outflow) from operating activities</b>   |           | <b>2,826,653</b> |           | <b>3,297,791</b> |

16.2. *Analysis of Changes in Cash and Cash Equivalents During the Year*

|  | 2006/2007        | 2005/2006        | Change In<br>Year | 2005/2006      |
|--|------------------|------------------|-------------------|----------------|
|  | £                | £                | £                 |                |
| <i>Temporary Investments &amp;<br/>Short Term Deposits</i> | 4,889,867        | 4,725,732        | 164,135           | 367,767        |
| <i>Cash</i>  | 1,950,632        | 713,631          | 1,237,001         | 528,347        |
| <i>Bank overdraft</i>                                      |                  |                  |                   |                |
| <b><i>Increase/(Decrease) in year</i></b>                  | <b>6,840,499</b> | <b>5,439,363</b> | <b>1,401,136</b>  | <b>896,114</b> |

16.3. *Analysis of Net Debt*

|   | Cash             | Temporary<br>Investments &<br>Short term<br>deposits | Cash at<br>Bank and in<br>hand | Loans due<br>within one<br>year | Loans due<br>after more than<br>one year | Finance<br>Leases | Net Debt           |
|---|------------------|--|--------------------------------|---------------------------------|--|-------------------|--------------------|
|   | £                | £  | £                              | £                               | £  | £                 | £                  |
| <i>Balance at 1 April 2006</i>                        | 713,631          | 4,725,732  | 5,439,363                      | (792,999)                       | (11,601,977)                             | (707,176)         | <b>(7,662,789)</b> |
| <i>Cashflow/changes in year</i>                       | 1,237,001        | 164,135  | 1,401,136                      | (6,259)                         | (2,646,456)                              | 246,693           | <b>(1,004,886)</b> |
| <i>Other Non Cash changes-<br/>New Finance Leases</i> |                  |  |                                |                                 |  | (320,989)         | <b>(320,989)</b>   |
| <b><i>Balance at 31 March 2007</i></b>                | <b>1,950,632</b> | <b>4,889,867</b>                                     | <b>6,840,499</b>               | <b>(799,258)</b>                | <b>(14,248,433)</b>                      | <b>(781,471)</b>  | <b>(8,988,663)</b> |

16.4. *Reconciliation of Changes in Cash to Movements in Net Debt*

|  | 2006/2007 |                    | 2005/2006 |                    |
|--|-----------|--------------------|-----------|--------------------|
|  | £         | £                  | £         | £                  |
| <i>Increase/(Decrease) in cash in year</i>                               |           | 1,237,001          |           | 367,767            |
| <i>Cash inflow/(Outflow)<br/>from management of<br/>Liquid Resources</i> |           | 164,135            |           | 528,347            |
| <i>Cash inflow from new loans raised</i>                                 |           | (3,481,000)        |           | (4,218,000)        |
| <i>Cash outflow from:</i>  |           |                    |           |                    |
| <i>Loans repaid</i>  | 828,285   |                    | 672,261   |                    |
| <i>Finance Lease repayments</i>  | 246,693   | 1,074,979          | 246,484   | 918,745            |
| <b><i>Change in net debt resulting<br/>from cash flows</i></b>           |           | <b>(1,004,885)</b> |           | <b>(2,403,141)</b> |
| <i>New Finance Leases</i>  |           | (320,989)          |           | (388,198)          |
| <b><i>Net Debt B/Fwd</i></b>   |           | <b>(7,662,789)</b> |           | <b>(4,871,450)</b> |
| <b><i>Net debt C/Fwd</i></b>   |           | <b>(8,988,663)</b> |           | <b>(7,662,789)</b> |

16.5. *Analysis of Government Grants shown in the Cash Flow Statement*

|  | <b>2006/2007</b> | <b>2005/2006</b> |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| <b>i) The categories of Government Grant shown in the Cashflow Statement are</b> |                  |                  |
| <i>Capital Activities</i>  | 1,165,796        | 572,676          |
| <i>Revenue Activities</i>  | 559,087          | 915,243          |
| <i>European Grants</i>   | 187,837          | 239,071          |
|  | <b>1,912,720</b> | <b>1,726,990</b> |
| <b>ii) Analysis of Government Grants</b>   |                  |                  |
| <i>Community Services</i>  | 42,218           | 46,866           |
| <i>District Policing Partnership</i>   | 85,494           | 83,150           |
| <i>Environmental Health</i>  |                  |                  |
| <i>Economic Development</i>  | 187,937          | 149,198          |
| <i>Community Relations</i>   | 54,349           | 62,090           |
| <i>Recreation Grounds</i>  | 544,237          | 143,013          |
| <i>Sports Development</i>  |                  |                  |
| <i>Tourism</i>   | 73,051           | 193,806          |
| <i>Museum Arts development</i>   | 424,526          | 453,495          |
| <i>Waste Management</i>  | 291,732          | 273,062          |
| <i>Other Government Grants</i>   | 1,035            | 1,035            |
| <i>Vehicles and Plant</i>  | 12,520           | 140,000          |
| <i>Community Safety</i>  | 159,462          | 81,946           |
| <i>Other</i>   | 36,159           | 99,329           |
|  | <b>1,912,720</b> | <b>1,726,990</b> |

17. Movement in reserves

|  | Fixed Asset<br>Restatement<br>Account | Capital<br>Financing<br>Account | Useable<br>Capital<br>Receipts<br>Reserve | Pension<br>Reserve | Capital Funds | Renewal and<br>Repairs Fund | Other Funds | District Fund | TOTAL       |
|--|---------------------------------------|---------------------------------|---|--------------------|---------------|-----------------------------|-------------|---------------|-------------|
| Note   | £<br>17(a)                            | £<br>17(b)                      | £<br>17(c)                                | £<br>17(d)         | £<br>17(e)    | £<br>17(f)                  | £<br>17(g)  | £<br>17(e)    | £           |
| At 1 April 2006                                      | 28,488,802                            | (9,787,466)                     | 282,689                                   | (678,728)          | 4,436,853     | 244,413                     | 44,465      | 2,403,347     | 25,434,375  |
| Movement on Reserves during the Year                 |                                       |                                 |   |                    |               |                             |             |               |             |
| Capital Grants Released                              |                                       | 307,872                         |   |                    |               |                             |             |               | 307,872     |
| Amortisation   |                                       |                                 |   |                    |               |                             |             | 119,210       | 119,210     |
| District Revenue Financing                           |                                       | 450,000                         |   |                    |               |                             |             |               | 450,000     |
| Loans principal/depreciation adjustment              |                                       | (1,420,344)                     |   |                    |               |                             |             |               | (1,420,344) |
| Receipts Applied                                     |                                       |                                 |   |                    | 202,318       | 7,932                       | (3,591)     |               | 206,658     |
| Transfers between Reserves                           |                                       |                                 |   |                    |               | (42,523)                    |             |               | (42,523)    |
| Payments to NILGOSC                                  |                                       |                                 |   | 47,800             |               |                             |             |               | 47,800      |
| Disposal of Fixed Assets                             | (1,304)                               |                                 | 23,036                                    |                    |               |                             |             |               | (1,304)     |
| Net (Surplus)/Deficit on Disposals of Fixed Assets   | (1,304)                               |                                 | 23,036                                    |                    |               |                             |             |               | 23,036      |
| Capital Receipts used to finance capital expenditure |                                       |                                 |   |                    |               |                             |             |               |             |
| Revaluations   | 48,100.00                             |                                 |   | -46,722            |               |                             |             |               | 1,378       |
| Balance @ 31/3/2007                                  | 28,535,598                            | (10,449,938)                    | 305,725                                   | (677,650)          | 4,639,171     | 209,822                     | 40,874      | 2,522,557     | 25,126,159  |
| Capital Funds  | Balance @<br>1/4/2006                 | Contributions                   | Interest on<br>Investment                 | Other Income       | Expenditure   | Balance @<br>31/3/2007      |             |               |             |
|  | 840,611                               |                                 | 39,153                                    |                    | 879,764       |                             |             |               |             |
| Administrative Buildings                             | 3,091,176                             |                                 | 139,073                                   |                    | 3,230,249     |                             |             |               |             |
| Drumakelly   | 505,066                               |                                 | 24,091                                    |                    | 529,157       |                             |             |               |             |
| General Development Fund                             | 4,436,853                             |                                 | 202,318                                   |                    | 4,639,171     |                             |             |               |             |
| <b>Total</b>   |                                       |                                 |   |                    |               |                             |             |               |             |
|  | 36,767                                | (123)                           | 1,070                                     | 123                | 37,837        |                             |             |               |             |
| Election Account                                     | 7,698                                 |                                 |   | 446                | 3,036         |                             |             |               |             |
| Museum Purchase                                      | 44,465                                | (123)                           | 1,070                                     | 570                | 40,874        |                             |             |               |             |
| <b>Total</b>   |                                       |                                 |   |                    |               |                             |             |               |             |

- 17.1. *Fixed Asset Restatement Account*  
*The Fixed Asset restatement Account is debited or credited with the deficits or surpluses that arise on the revaluation of fixed assets as well as being written down by the net book value of assets when they are disposed of. This account cannot be used to support spending.*
- 17.2. *Capital Financing Account*  
*The Capital Financing Account contains the amount of capital expenditure that has been financed from revenue and capital receipts excluding sums received in respect of loans negotiated to finance capital investment. This account is debited or credited with the adjustment made in the District Fund – Income and Expenditure Account for the principal debt repaid less than or in excess of the provision for depreciation already debited to revenue and credited against fixed assets, to adjust the provision in line with statutory requirements.*
- 17.3. *Usable Capital Receipts Reserve*  
*These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure.*
- 17.4. *Capital Fund*  
*This fund established under Section 56 of the Local Government Act (NI) 1972 and has the following approved limits*
- |  |            |
|--|------------|
| <i>Drumnakelly Closure Costs</i>       | <i>£5m</i> |
| <i>Administrative Buildings</i>        | <i>£1m</i> |
| <i>General Fund Future Expenditure</i> | <i>£5m</i> |
- 17.5. *Renewals and Repairs Fund*  
*This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £250k.*

*STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007*

*Material Amendment*

*In accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 a material amendment from the Accounts approved on 28 June 2007 is explained as follows:*

*To correct capital creditors VAT in bank which should have been included in y/e capital creditors £233,150 this has resulted in an additional capital Creditor and an increase in Bank of the same amount.*

*Otherwise the statement of accounts has been prepared to reflect the position to 31 March 2007.*

*In accordance with Financial Reporting Standard 21 (FRS 21) this Statement of Accounts which contains a number of material amendments from the Accounts approved on 27th June 2007 are at today's date hereby authorised for issue. Any material amendments will be explained and reported in accordance with Regulation 12 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.*

*FRS 21 sets out*

- The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and*
- In the event of adjustments the disclosures that should be made.*

*Signed* \_\_\_\_\_  
*Chief Financial Officer*

*Date* \_\_\_\_\_